

March 17, 2006

Maine Milk Commission Special Meeting Minutes
Deering Building, Room 233
Augusta, Maine 04333

Notices for the March 17, 2006 meeting were distributed to Commission members, intervenors and other interested parties February 17, 2006 and sent to the Secretary of State's Office for posting on March 1, 2006.

Commission Present: Chair, Michael Wiers, Katherine O. Musgrave, Colon Durrell and Shelley Doak *ex-officio*.

Commission Absent: John Joseph, Jr.

Department Officials: None

Staff Present: Stanley Millay, Executive Director, and Carol Gauthier clerical assistant

Legal Counsel: Lucinda White, Assistant Attorney General

Intervenors Present: John Blake, H.P. Hood, Inc., Thomas Brigham, Oakhurst Dairy.

Others Present: Fred Hardy, Dale Cole, and Julie-Marie Bickford from the Maine Dairy Industry Association (MDIA) and Robert Wellington from Agri-Mark.

Meeting called to order at 2:10 P.M. by chair, Michael Wiers.

Agenda Item 1: Minutes: Katherine Musgrave made a motion to accept the minutes of the February 17, 2006. Colon Durrell seconded. Motion passed 3-0.

Agenda Item 2: Lucinda White, Assistant Attorney General: No report.

Agenda Item 3: Minimum Prices: The prevailing premium is \$1.10/cwt on Class I for March 2006 reported by Dairy Marketing Services (DMS). Agri-Mark Cooperative reported \$0.90/cwt on Class I outside of Maine but reported that they continue charging their Maine customers \$1.10/cwt.

There is a Farm Bill Counter Cyclical Payment (MILC) for April 2006 of \$0.84. Congress has reauthorized the MILC program at a reduced rate: (34% of \$16.94 minus the Class I Price).

Bob Wellington informed the Commission that for many months the prevailing premium in Southern New England was \$1.10/cwt on Class I. When H.P. Hood bought the Crowley Plant, Agri-Mark found that Crowley had not been paying \$1.10. This resulted in Agri-Mark announcing that they were going to begin charging their customers \$0.90/cwt on Class I except for their inside Maine customers. DMS continues reporting \$1.10/cwt as prevailing.

Tom Brigham questioned whether or not DMS was misleading the Commission by reporting \$1.10/cwt on Class I when they had been charging Crowley a lesser amount.

Lucinda White pointed out that the statute says the minimum wholesale prices paid to producers are based on prevailing Class I, II and III prices prevailing in Southern New England.

John Blake stated that milk was in over-supply in the Northeast. He questioned why there was a premium on Class I at all given this large supply. Bob Wellington explained that part of the reason was because Agri-Mark purchased much of the surplus milk and processed it into milk powder in order to keep the higher premium on Class I. He went on to say that a number of processing and manufacturing plants had closed in the Northeast making it more difficult to move milk.

Chairman Wiers said that the Commission must act within the bounds of the statute and should base their decisions on the testimony before them. He further stated that he was becoming less confident in the prevailing premium amount.

Shelley Doak made a motion to adopt the Federal Order Class I price for April 2006 of \$14.47 plus a processor assessment of \$0.20/cwt. plus a producer cost of production adjustment of \$0.89/cwt., plus a handling fee of \$1.40/cwt. Colon Durrell seconded the motion. Motion passed 3-0.

Bob Wellington reported that milk prices were falling and cheese, butter and powder prices were falling and were approaching Government support price levels. He was hopeful that butter and cheese prices would move downward in the supermarkets and thus increase sales of these products and therefore help reduce milk supply. He stated that the current price decline was not likely to last as long as the devastating low milk price period in 2002 and 2003.

Agenda Item 4: Maine Monthly Price Survey: The Commission reviewed the Maine price survey for March 2006 which included prices for Augusta and Bangor.

Agenda Item 5: Next Scheduled Meetings:

- April 21, 2006, Friday 2:00 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine
- May 19, 2006, Friday 2:00 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine
- June 23, 2006, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine
- July 21, 2006, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine
- August 21, 2006, Monday 10:00 a.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine

Agenda Item 6: Other:

1. **Milk Commission Budget:** The Commission Reviewed income and expenditures.

2. **Dealer Margins:** Dr. Timothy Dalton will be contacting processors and other interested parties to set up a date and time to discuss the new processing model that the University of Maine will be developing for the Commission.

Agenda Item 7: Executive Session: The Commission did not go into Executive Session

Meeting Adjourned: 3:00 P.M.

Stanley Millay, Executive Director, Maine Milk Commission.